



Patricia M. French
Senior Attorney

300 Friberg Parkway
Westborough, Massachusetts 01581
(508) 836-7394
(508) 836-7039 (facsimile)
pfrench@nsource.com

July 5, 2006

BY HAND DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-31

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests from the USW:

USW-1-3 (CONFIDENTIAL ATTACHMENT)

USW-1-14 (CONFIDENTIAL ATTACHMENT)

AMENDED USW-1-22 (CONFIDENTIAL ATTACHMENT)

USW-1-23 (CONFIDENTIAL ATTACHMENT)

AMENDED USW-1-26 (CONFIDENTIAL ATTACHMENT)

The Attachments to these five (5) responses contain confidential and proprietary business information. A Motion for Protective Order is included herewith. Accordingly, the Attachments to these responses are being filed in single sealed copy with the Hearing Officer. Any other party may seek access pursuant to a mutually acceptable confidentiality agreement.

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline Bulger, Esq., Hearing Officer (1 copy)
Service List

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Bay State Gas Company

D.T.E. 06-31

**MOTION OF BAY STATE GAS COMPANY
FOR A PROTECTIVE ORDER
OVER ATTACHMENT USW-1-3 CONFIDENTIAL,
ATTACHMENT USW-1-14 CONFIDENTIAL,
ATTACHMENT USW-1-22 CONFIDENTIAL, ATTACHMENT USW 1-23
CONFIDENTIAL, AND
ATTACHMENT USW-1-26 CONFIDENTIAL**

I. INTRODUCTION

Bay State Gas Company (“Bay State”) requests that the Department of Telecommunication and Energy (“Department”) grant protection from public disclosure, pursuant to G.L. c. 25, §25D, for Attachments to certain responses of Bay State to information requests propounded by the United Steelworkers of America (“USW”) because such Attachments include confidential information. Specifically, Bay State seeks protection over Attachment USW-1-3 CONFIDENTIAL, Attachment USW-1-14 CONFIDENTIAL, Attachment USW-1-22 CONFIDENTIAL, Attachment USW 1-23 CONFIDENTIAL, and Attachment USW-1-26 CONFIDENTIAL.

In support of its request for a protective order, Bay State states as follows.

II. LEGAL STANDARD

Confidential information may be protected from public disclosure in accordance with G.L. c. 25, §25D, which states in part that:

The [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of

proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which such protection is sought is public information and the burden shall be on the proponent of such protection to prove the need for such protection. Where the need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

The Department has frequently protected sensitive market information, and has determined that competitively sensitive information, such as price terms, can be protected. Standard of Review for Electric Contracts, D.P.U. 96-39, at 2 (1996). The Department has determined that price terms should be protected in gas supply contracts, including “reservation fees or charges, demand charges, commodity charges and other pricing information”. Colonial Gas Company, D.P.U. 96-18, at 4 (1996). The Department has also determined that information, if disclosed publicly, that could have a chilling effect on bidding processes, such as responses to Requests for Proposal (“RFP”), should be protected. Finally, the Department has recognized that customers and utility employees have a right to have protected personal information related to their accounts and their employment and therefore has protected such information.

III. THE MATERIALS ARE PROPRIETARY AND CONFIDENTIAL AND WARRANT PROTECTION FROM DISCLOSURE

In its discovery, the USW sought information regarding employee complaints relative to the payroll process, information regarding the RFP process for IBM and other third-party vendors, manuals that govern training for Call Center representatives, and materials used to measure performance by third party vendors of services for Bay State.¹ In order to respond fully

¹ The discovery questions as drafted sought information for other NiSource operating companies as well as Bay State. Accordingly, Bay State objected to each of the requests on the basis of relevance. However,

to the requests made by the USW, Bay State must provide confidential information as set forth below.

A. The Attachment to Bay State's Response to USW-1-3, labeled Attachment USW-1-3 CONFIDENTIAL, is Appropriately Protected from Public Disclosure

In USW-1-3, the USW asks:

USW 1-3: To the extent not provided in response to USW 1-2, from July 1, 2005 to date, for each NiSource affiliate, provide all employee complaints and/or Union grievances relating to or regarding the outsourcing of employee payroll services.

In order to respond fully to the question, Bay State has provided a chart as part of a detailed attachment providing employee names and concerns about various payroll issues. See, Attachment USW-1-3 CONFIDENTIAL. Employee concerns of this type are held confidentially within NCSC and only disclosed to those with a need to know. Any broader dissemination would chill the desire of employees to inform management of issues with the payroll process. There would be no public benefit in disclosure of this material. Accordingly, because this material is held confidential within NiSource and because it is necessary to ensure employee confidentiality with regard to reporting of these concerns, protection of Attachment USW-1-3 CONFIDENTIAL is proper under G.L. c. 25, sec. 5.

B. The Attachment to Bay State's Response to USW-1-14, labeled Attachment USW-1-14 CONFIDENTIAL, is Appropriately Protected from Public Disclosure

In USW-1-14, the USW asks:

USW 1-14: From January 1, 2003 to date, provide all NiSource, NCSC, and/or BSG requests for proposals to outsource work performed by BSG and other NiSource affiliate employees.

In order to respond fully to the question, Bay State has provided the RFP that lead to the IBM /NiSource agreement as Attachment USW 1-14 CONFIDENTIAL. In addition, other RFPs will be provided in Supplemental Filings once the material is compiled. The Department routinely protects as competitively sensitive, third party responses to jurisdictional utility competitive bidding processes, under the theory that public disclosure of losing bids will chill future participation in the competitive bidding process and will provide insight into the trade secrets of the utility decision making process. Chilling the competitive bidding process, furthermore, is likely to reduce the effectiveness of the process in the future and therefore increase prices ultimately paid by customers for the services bid. Accordingly, since the RFPs contained in Attachment USW 1-14 CONFIDENTIAL and its Supplements are confidential pursuant to their terms and are competitively sensitive, protection of Attachment USW-1-14 CONFIDENTIAL and all supplemental filings is proper under G.L. c. 25, sec. 5.

C. The Attachment to Bay State's Amended Response to USW-1-22, labeled Attachment USW 1-22 CONFIDENTIAL, is Appropriately Protected from Public Disclosure

In USW-1-22, the USW asks:

USW 1-22: From July 1, 2005 to date, provide all documents within the custody, possession, or control of BSG, NCSC, or NiSource relating to or regarding the training of Smithfield, Pennsylvania Call Center facility workers responding to billing, service, and credit calls for NiSource affiliates.

In order to respond fully to the question, Bay State must provide NCSC and IBM Call Center Training Manuals. See, Attachment USW 1-22 CONFIDENTIAL. These materials

reflect a compilation of confidential business intelligence and expertise in call center management and operations held by both NCSC and IBM. These materials are competitively sensitive for both NSCS and IBM. These materials are not disseminated widely throughout either organization (but only provided for training to those employees directly using the material) and are protected as intellectual property. Accordingly, protection from public disclosure of Attachment USW-1-22 CONFIDENTIAL is proper under G.L. c. 25, sec. 5.

D. The Attachment to Bay State's Response to USW-1-23, labeled Attachment USW 1-23(a), (b) and (c) CONFIDENTIAL, is Appropriately Protected from Public Disclosure

In USW-1-23, the USW asks

USW 1-23: From July 1, 2005 to date, provide all documents within the custody, control, or possession of NiSource, NSCS or BSG regarding or relating to the Smithfield Call Center's customer service performance for Columbia Gas and every other NiSource affiliate utilizing the Smithfield Call Center. This request includes, but is not limited to, any documents concerning IBM's ability to meet customer service quality indicators on behalf of each NiSource affiliate it serves at the Smithfield, PA Call Center.

In order to respond fully to the question, Bay State must provide detailed information on NCSC monitoring of IBM's performance at the Smithfield Customer Contact Center through two measurements, its (i) Service Level Agreements (SLA) and its (ii) utilization of Resource Units. Service Levels relate to the quality of IBM's performance at the Customer Contact Centers and Resource Units track the quantity of work performed by IBM. These materials reflect a compilation of business intelligence and expertise in service quality management and operations that is held confidential by both NCSC and IBM. Therefore, these materials are confidential for both both NCSC and IBM as trade secrets. Moreover, these materials reflect the outcome of confidential business negotiations between IBM and NCSC, the public dissemination of which

could harm either party's bargaining position in future negotiations with third-parties. These materials are not disseminated widely throughout either organization (but only provided for certain management with respect to the IBM agreement) and they are protected as intellectual property. Accordingly, protection from public disclosure of Attachment USW-1-23 (a), (b) and (c) CONFIDENTIAL is proper under G.L. c. 25, sec. 5

E. The Attachment to Bay State's Amended Response to USW-1-26, labeled Attachment USW 1-26 CONFIDENTIAL, is Appropriately Protected from Public Disclosure

In USW-1-26, the USW asks:

USW 1-26: Provide all training materials currently utilized by BSG to train Springfield Call Center universal service representatives to perform service, billing, and credit calls for BSG customers.

In order to respond fully to the question, Bay State must provide Bay State Call Center Training Manuals. See, Attachment USW 1-26 CONFIDENTIAL. These materials reflect a compilation of confidential business intelligence and expertise in call center management and operations held by Bay State. These materials are competitively sensitive for Bay State. These materials are not disseminated widely throughout either organization (but only provided for training to those employees directly using the material) and are protected as intellectual property. Accordingly, protection from public disclosure of Attachment USW-1-26 CONFIDENTIAL is proper under G.L. c. 25, sec. 5.

IV. CONCLUSION

For the reasons set forth above, Bay State requests that the Department protect from public disclosure Attachment USW-1-3 CONFIDENTIAL, Attachment USW-1-14

CONFIDENTIAL, Attachment USW-1-22 CONFIDENTIAL, Attachment USW-1-23
CONFIDENTIAL and Attachment USW 1-26 CONFIDENTIAL.

Respectfully submitted,

BAY STATE GAS COMPANY

By its attorneys,

Patricia M. French
Senior Attorney
NISOURCE CORPORATE SERVICES
300 Friberg Parkway
Westborough, MA 01581
Tel (508) 836-7394
Fax (508) 836-7039
and

Robert L. Dewees, Jr.
NIXON PEABODY LLP
100 Summer Street
Boston, MA 02110
Tel (617) 345-1316
Fax (866) 947-1870

Dated: July 5, 2006

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: July 5, 2006

Responsible: Stephen H. Bryant, President
As to Objection: Legal Counsel

USW 1-3: To the extent not provided in response to USW 1-2, from July 1, 2005 to date, for each NiSource affiliate, provide all employee complaints and/or Union grievances relating to or regarding the outsourcing of employee payroll services.

RESPONSE: Objection. The question seeks information irrelevant to this proceeding, where Bay State's service quality on behalf of its customers and where the relationship between the jurisdictional company, Bay State, and its Parent, NiSource, is in issue. Payroll is a non-core activity and does not impact the service quality issues of concern to the Department. Moreover, the question is a fishing expedition into the affairs of non-jurisdictional companies since it requests information regarding entities that have no demonstrated effect on Bay State's provision of core services.

Notwithstanding this objection, but rather specifically maintaining it, there have been no Union grievances filed for Bay State related to payroll services that are provided by IBM. The employee issues related to payroll activities are provided as Attachment USW 1-3 CONFIDENTIAL. Additionally, there have not been any payroll complaints or issues escalated to the NCSC Controller with responsibility for IBM's performance related to these payroll services.

Attachment USW 1-3 CONFIDENTIAL is confidential because it provides employee-specific information. Accordingly, the material is provided in single copy to the Hearing Officer under a Motion for Protective Treatment and may be provided to any other party upon execution of a mutually-agreeable confidentiality agreement.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: July 5, 2006

Responsible: Stephen H. Bryant, President
As to Objection: Legal Counsel

USW 1-14: From January 1, 2003 to date, provide all NiSource, NCSC, and/or BSG requests for proposals to outsource work performed by BSG and other NiSource affiliate employees.

RESPONSE: Objection. The portion of this question relating to non-jurisdictional companies seeks information irrelevant to this proceeding, where Bay State's service quality on behalf of its customers and where the relationship between the jurisdictional company, Bay State, and its Parent, NiSource, is in issue. Moreover, the question is a fishing expedition into the affairs of non-jurisdictional companies since it requests information regarding entities that have no demonstrated effect on Bay State service to its customers.

Notwithstanding this objection, but rather specifically maintaining it, Attachment USW-1-14 CONFIDENTIAL is the Request for Proposal for Administrative Services ("RFP") that was issued to three potential bidders in February 2005. The RFP constitutes confidential and proprietary business information. Accordingly, the material is provided in single copy to the Hearing Officer under a Motion for Protective Treatment and will be provided to any other party upon execution of a mutually-agreeable confidentiality agreement.

Bay State is in the process of researching the RFPs issued for work provided on its behalf by third party vendors and will supplement this response when its compilation of such material is completed.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: July 5, 2006

Responsible: Stephen H. Bryant, President
As to Objection: Legal Counsel

USW 1-22: From July 1, 2005 to date, provide all documents within the custody, possession, or control of BSG, NCSC, or NiSource relating to or regarding the training of Smithfield, Pennsylvania Call Center facility workers responding to billing, service, and credit calls for NiSource affiliates.

AMENDED

RESPONSE: Objection. The question seeks information irrelevant to this proceeding where Bay State's service quality on behalf of its customers and where the relationship between the jurisdictional company, Bay State, and its Parent, NiSource, is in issue. Moreover, the question is a fishing expedition into the affairs of non-jurisdictional companies since it requests information belonging to entities that have no demonstrated effect on Bay State service to its customers.

Notwithstanding this objection, but rather specifically maintaining it, the NCSC CCC training manual for all the Customer Contact Centers (Call Aid) is attached on CD disk as Attachment USW 1-22 CONFIDENTIAL. Attachment USW 1-22 is claimed by Bay State as confidential because it constitutes a trade secret and competitive business information to IBM and because NCSC has warranted to maintain the confidentiality of this material. Accordingly, the material is provided in single copy to the Hearing Officer under a Motion for Protective Treatment and will be provided to any other party upon execution of a mutually-agreeable confidentiality agreement.

Attachment USW 1-22 CONFIDENTIAL includes all documents related to training for the Smithfield, Pennsylvania Call Center facility. Employees also use this electronic manual or Call Aid as the operational manual for the Customer Contact Centers.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: July 5, 2006

Responsible: Stephen H. Bryant, President
As to Objection: Legal Counsel

USW 1-23: From July 1, 2005 to date, provide all documents within the custody, control, or possession of NiSource, NSCS or BSG regarding or relating to the Smithfield Call Center's customer service performance for Columbia Gas and every other NiSource affiliate utilizing the Smithfield Call Center. This request includes, but is not limited to, any documents concerning IBM's ability to meet customer service quality indicators on behalf of each NiSource affiliate it serves at the Smithfield, PA Call Center.

RESPONSE: Objection. The question seeks information irrelevant to this proceeding, where Bay State's service quality on behalf of its customers and where the relationship between the jurisdictional company, Bay State, and its Parent, NiSource, is in issue. Moreover, the question is a fishing expedition into the affairs of non-jurisdictional companies since it requests information belonging to entities that have no demonstrated effect on Bay State service to its customers.

Notwithstanding this objection, but rather specifically maintaining it, NCSC monitors IBM's performance at the Smithfield Customer Contact Center through two measurements, (i) Service Level Agreements (SLA) and (ii) utilization of Resource Units. Service Levels relate to the quality of IBM's performance at the Customer Contact Center and Resource Units track the quantity of work performed by IBM.

NCSC management's methodology surrounding measuring and tracking IBM's performance is provided as Attachment USW 1-23 (a) CONFIDENTIAL. The specific SLAs for the Customer Contact Centers and Meter to Cash are provided as Attachment USW 1-23 (b) CONFIDENTIAL.

Additionally, the utilization of Resource Units is measured in each service area by category and a corresponding unit of resource utilization on a calendar month basis. NCSC has analyzed the historical data related to call volumes, types of calls and type of work within the Contact Center in Smithfield, PA. This information was used to calculate the quantity of Resource Units to be utilized by IBM to operate the Contact Center. The types of Contact Center Resource Units and measurement of those units are outlined on the Attachment USW 1-23 (c) CONFIDENTIAL.

NCSC analyzes these two measurements for IBM's customer service performance in the Customer Contact Center. The two measurements are reviewed in conjunction with the other in order to evaluate performance.

Attachments USW 1-23 (a) CONFIDENTIAL , USW 1-23 (b) CONFIDENTIAL and USW 1-23 (c) CONFIDENTIAL constitute confidential and proprietary business information. Accordingly, the material is provided in single copy to the Hearing Officer under a Motion for Protective Treatment and may be provided to any other party upon execution of a mutually-agreeable confidentiality agreement.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: July 5, 2006

Responsible: Stephen H. Bryant, President

USW 1-26: Provide all training materials currently utilized by BSG to train Springfield Call Center universal service representatives to perform service, billing, and credit calls for BSG customers.

AMENDED

RESPONSE: Please see Attachment USW 1-26 CONFIDENTIAL, provided in the format of a CD disk. Attachment USW 1-26 CONFIDENTIAL is claimed by Bay State as confidential because it constitutes a trade secret and competitive business secret. Accordingly, the material is provided in single copy to the Hearing Officer under a Motion for Protective Treatment and will be provided to any other party upon execution of a mutually-agreeable confidentiality agreement.